

Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-14 ISO-00 IO-14 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-03 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 OIC-04 DRC-01 /150 W
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FM USINT ALGIERS

TO SECSTATE WASHDC PIRORITY 1137

C O N F I D E N T I A L ALGIERS 2058

PASS EXIM FOR MORAN

E.O. 11652: GDS

TAGS: EFIN, AG

SUBJ: ANNUAL IBRD/IMF MEETING

REF: (A) STATE 210277 (B) ALGIERS 1904 (C) STATE 182246

(D) STATE 155405

1. DURING SEPTEMBER 25 COURTESY CALL ON FINANCE
SECRETARY GENERAL MAHFOUD AOUI, I RAISED QUESTION
OF WASHINGTON MEETINGS ON ALGERIAN FOUR YEAR PLAN.
AOUI SAID FINANCE MINISTER MAHROUG (WHOM I HAD BEEN
UNABLE TO SEE BEFORE HIS DEPARTURE) DUE IN WASHINGTON
SEPTEMBER 26 AND WOULD BE IN DIRECT CONTACT WITH US
ON THIS MATTER. HE THOUGHT MEETING WITH EXIM MADE SENSE
BUT NOT SURE WHETHER MAHROUG WOULD BE INTERVENING IN
COMMERCE'S MINISTER YAKER'S PROVINCE IF HE MET WITH
COMMERCE. WE EXPLAINED COMMERCE ROLE IN FOREIGN INVESTMENT
AND HE SAID HE WOULD BE TALKING TO MAHROUG LATER IN
DAY AND WOULD PASS ON OUR COMMENTS.

2. AOUI THOUGHT IT PARTICULARLY IMPORTANT, HOWEVER
THAT MAHROUG MEET WITH SECRETARY OF TREASURY SIMON
TO DISCUSS FULLY ALGERIAN AND WORLD FINANCIAL POLICIES.
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AOUI SAID SPEECHES BY PRESIDENT AND SECRETARY AT UN

AND IN DETROIT WERE INDICATIVE OF GROWING LACK OF UNDERSTANDING OF ALGERIAN POSITION.
WE EVIDENTLY
WERE LISTENING TO THE WRONG PEOPLE. PERHAPS
DIPLOMATIC MISSIONS HAD NOT DONE THEIR JOBS PROPERLY.
IN ANY EVENT, THERE WERE NUMBER OF QUESTIONS WHICH
SHOULD BE DISCUSSED FRANKLY AT SENIOR LEVELS. HE
SAID MAHROUG WOULD WANT TO DISCUSS ALGERIAN POLICIES
IN GENERAL AS WELL AS WORLD LIQUIDITY PROBLEMS,
SPECIAL DRAWING RIGHTS AND RECYCLING OF OIL DOLLARS.

3. AOUI SAID ALGERIAN'S HAVE TWO GENERAL QUESTIONS
ALREADY POSED TO EXIM FOR WHICH THEY HAVE RECEIVED NO ANSWER.
ONE: CAN EXIM LOAN BE GIVEN FOR, SAY, 30 PERCENT OF
CREDIT AND THE REMAINING PART BE BORROWED OUTSIDE OF
U.S.? IN OTHER WORDS, IS AN EXIM LOAN TIED TO FURTHER
FINANCING IN THE U.S. OR WITH A U.S. BANK? TWO:
ALGERIA IS PREPAYING SOME OF ITS MORE EXPENSIVE
BORROWINGS. THEY HAVE PREPAID OVER 300 MILLION
EURODOLLAR LOANS SO FAR THIS YEAR. CAN ALGERIA PREPAY
THE U.S. COMMERCIAL BANK PART OF EXIM LOANS? ALGERIA
WOULD LIKE TO PREPAY EXPENSIVE U.S. BANK LOANS CONNECTED
WITH CHEAPER EXIM LOAN, BUT IT DOES NOT WISH TO PREPAY
ADVANTAGEOUS EXIM PART OF LOAN.

4. ALGERIANS HAVE OFFER OF \$100 MILLION AT 8 PERCENT
FOR 16 YEARS WITH WHICH THEY ARE CONSIDERING
FINANCING PART OF GTE CONTRACT. AOUI DID NOT SAY
WHAT SOURCE OF THIS CREDIT WOULD BE.

5. COMMENT: AOUI WAS PLEASANT THROUGHOUT, BUT
WENT ON AT SOME LENGTH ABOUT WHAT HE DESCRIBED AS
LACK OF UNDERSTANDING OF ALGERIAN POSITION. IT CLEAR
HE, AND PRESUMABLY OTHERS IN ALGERIAN GOVERNMENT,
CONCERNED OVER U.S. POSITION ENUNCIATED BY PRESIDENT
AND SECRETARY REFERRED TO ABOVE. WHILE ALGERIAN
PRESS SERVICE HAS BEEN REPORTING UNFAVORABLE COMMENTS
BY WORLD PRESS ON THOSE SPEECHES, THIS IS FIRST
DIRECT ALGERIAN REACTION WE HAVE HAD. SEPTEMBER 26
ALGERIAN PRESS ATTACKS U.S. POLICIES MORE DIRECTLY,
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SEPTTEL. MAHROUG IS A TECHNOCRAT, BUT HIS VIEWS
ARE ALL THE MORE LIKELY TO REFLECT ACCURATELY CONCERNS
OF ALGERIAN ESTABLISHMENT SINCE HE HAS NO PERSONAL
POLITICAL AXES TO GRIND.
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